

**DEPARTMENT OF PERSONNEL ADMINISTRATION**

OFFICE OF THE DIRECTOR

1515 "S" STREET, NORTH BUILDING, SUITE 400  
SACRAMENTO, CA 95814-7243

February 21, 2006

The Honorable Don Perata  
Pro Tem, California State Senate  
P.O. Box 942848  
Sacramento, California 94249-0001

The Honorable Dick Ackerman  
Minority Leader, California State Senate  
P.O. Box 942848  
Sacramento, California 94248-0001

The Honorable Fabian Nuñez  
Speaker of the California State Assembly  
P.O. Box 942849  
Sacramento, California 94249-0001

The Honorable Kevin McCarthy  
Republican Floor Leader  
P.O. Box 942849  
Sacramento, California 94249-0001

Re: ***Memorandum of Understanding, Bargaining Unit 2- California Attorneys, Administrative Law Judges & Hearing Officers in State Employment (CASE)***

Dear Senators Perata and Ackerman and Assemblymen Nuñez and McCarthy:

In the MOU originally provided to you on December 2, 2005 (on disk), Article 11.5 was missing. That article contains the Flex Elect program description available under Consolidated Benefits.

The missing language would roll over language from the previous contract. Inclusion of the Flex Elect program does not create any new State expenditures. It is a longstanding benefit that has been negotiated with all other bargaining units, and is also available to non-represented employees.

The Flex Elect program allows State employees to set aside part of their wages in a reimbursement account to pay for certain expenses. Flex Elect offers two types of accounts: the Medical Reimbursement Account and the Dependent Care Reimbursement Account.

The amount deducted from the employee's paycheck is not subject to federal, state or Social Security taxes. The money placed in the accounts is reimbursed to employees as they incur eligible expenses.

If you have any questions, please contact Jacquelyn Sanders, Senior Labor Relations Officer, at (916) 445-9244.

Respectfully,

A handwritten signature in black ink that reads "Michael T. Navarro".

Michael T. Navarro  
Director

MTN/jl

Attachment

cc: Members of the California Senate  
Members of the California Assembly  
Elizabeth Hill, Legislative Analyst  
Department of Finance  
Joint Legislative Budget Committee

## **ARTICLE 11.5 Consolidated Benefits (CoBen) Program Description**

### **E. FlexElect Program**

#### **1. Program Description**

- a. The State agrees to provide a flexible benefits program (FlexElect) under Internal Revenue Code Section 125 and related Sections 105(b), 129, and 213(d). All participants in the FlexElect Program shall be subject to all applicable Federal statutes and related administrative provisions adopted by DPA. The administrative fee paid by the participants will be determined each year by the Director of the Department of Personnel Administration.
- b. Employees who meet the eligibility criteria stated in subsection 2.A., below, will also be eligible to enroll into a Medical Reimbursement and/or Dependent Care Reimbursement Account.

#### **2. Employee Eligibility**

- a. All eligible employees must have a permanent appointment with a time-base of half time or more and have permanent status, or if a limited term or a temporary authorized (TAU) position, must have mandatory return rights to a permanent position.
  - b. Permanent Intermittent (PI) employees shall only participate in the CoBen Cash Option and will be eligible to receive a six (6) month Cash payment for the first control period of each plan year. PI's choosing the CoBen Cash Option will qualify if they meet all of the following criteria:
    - (1) must be eligible to enroll in health and/or dental coverage as of January 1 of the Plan Year for which they are enrolling and;
    - (2) must have a PI appointment which is effective from January 1 through June 30 the Plan Year for which they are enrolling and;
    - (3) must be paid for at least four hundred eighty (480) hours during the January through June control period for the Plan Year in which they are enrolling and;
    - (4) must have completed an enrollment authorization during the CoBen Open Enrollment Period or as newly eligible.
3. Subsection 2.b. is not grievable or arbitrable.